

Annual Return (AR30) form

Section 1 – About this form

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965) or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1969). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuels Public Register <https://mutuals.fca.org.uk>.

For guidance on our registration function for societies under the Co-operative and Community Benefit Societies Act 2014, which includes guidance on the requirement to submit an Annual Return, please see here: <https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

Section 2 – About this application

Society name	Parasol Homes Limited
Register number	8393
Registered address	Victoria House, 49 Clarendon Road, Watford
Postcode	WD17 1HP

2.1 What date did the financial year covered by these accounts end?

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Section 3 – People

3.1 Please provide the names of the people who were directors of the society during the financial year this return covers. Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

Name of director	Month and year of birth	
Joy Malyon	04	1959
Adrian Lawrence Miller	10	1969
Paul Frederick Reeves	12	1957
Sarah Smith	12	1974
Elizabeth Armitage	07	1977
Sara Martin	12	1974

Continue on to a separate sheet if necessary.

3.2 All directors must be 16 or older. Please confirm this is this case:

All directors are aged 16 or over ☒

3.3 Societies are within the scope of the Company Directors Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:

No director is disqualified ☒

3.4 Please state any close links which any of the directors has with any society, company or authority. 'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

- Sara Martin is an Executive Director on the Parasol Homes Board and the Director of Housing at Parasol Homes.
- Joy Malyon is a Trustee at Sturts Community Farm; Director at Nexus Foundation; Trustee at Humbercare; Board Chair at Independent Housing UK Limited

3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers. Societies must have a secretary.

Name of secretary	Month and year of birth	
Tanvi Joshi	08	1993

Section 4 – Financial information

4.1 Please confirm that:

- accounts are being submitted with this form ☒
- the accounts comply with relevant statutory and accounting requirements ☒
- the accounts are signed by two members and the secretary (3 signatures in total) ☒

4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.

Number of members	3 Members and 6 Board Members
Turnover	£25,121,911 (2021) £11,197,921 (2020)
Assets	5421,722 (2021) 2871,825 (2020)
Number of employees (if any)	23
Share capital	n/a

Highest rate of interest paid on shares (if any)	n/a
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4.3 What Standard Industrial Classification code best describes the society's main business? Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes here: <http://resources.companieshouse.gov.uk/sic/>

68201 – Renting and operating of Housing Association real estate
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Section 5 – Audit

Societies are required to appoint an auditor to audited unless they are small or have disappplied this requirement. For further guidance see chapter 7 of our guidance: <https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

5.1 Please select the audit option the society has complied with:

- | | |
|----------------------------------|-------------------------------------|
| Full professional audit | ☒ |
| Auditor's report on the accounts | ☒ |
| Lay audit | ☐ |
| No audit | ☐ |

5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

We have complied with the audit requirements ☒

5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

- Yes ☒
- Not applicable ☐

The information below impacts the level of audit required of the society's accounts. Please provide answers to the following questions.

5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?

Yes ☒

No ☐

5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.

Not applicable ☒

OSCR number:	
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5.6 Is the society a housing association?

No ☐ Go to **section 6**

Yes ☒ Go to question **5.7**

5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:

		Registration number
Homes and Communities Agency	☒	4728
Scottish Housing Regulator	☐	
The Welsh Ministers	☐	
Department for Communities (Northern Ireland)	☐	

Section 6 – Subsidiaries

6.1 Is the society a subsidiary of another society?

Yes ☐

No ☒

6.2 Does the society have one or more subsidiaries? (As defined in sections 100 and 101 of the Act)

Yes ☐ Continue to question 6.3

No ☒ Continue to Section 7

6.3 If the society has subsidiaries, please provide the names of them below (or attach an additional sheet)

Registration Number	Name

6.4 Please provide below (or on a separate sheet) the names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions: (the society must have written authority from us to exclude a subsidiary from group accounts)

Registration Number	Name	Reason for exclusion

Section 7– Condition for registration

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); **or**
- are conducting business for the benefit of the community ('community benefit society').

A society must answer the questions set out in either Section 7A or Section 7B of this form, depending on which condition of registration it meets.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance:

<https://www.fca.org.uk/publication/finalised-guidance/fq15-12.pdf>

Section 7A - Co-operative societies

Co-operative societies must answer the following questions in relation to the financial year covered by this return.

7A.1 What is the business of the society? For example, did you provide housing, manufacture goods, develop IT systems etc.

7A.2 Please describe the members' common economic, social and cultural needs and aspirations. In answering this question, please make sure it is clear what needs and aspirations members had in common.

7A.3 How did the society's business meet those needs and aspirations?

You have described the society's business answer to question 7A.1, and in question 7A.2 you have described the common needs and aspirations of members. Please now describe how during the year that business met those common needs and aspirations.

7A.4 How did members democratically control the society? For example, did the members elect a board at an annual general meeting; did all members collectively run the society.

7A.5 What did the society do with any surplus or profit? For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

Section 7B - Community benefit societies

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

7B.1 What is the business of the society? For example, did you provide social housing, run an amateur sports club etc.

Provision of social housing.

7B.2 Please describe the benefits to the community the society delivered? Here we are looking to see *what* the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

- 1) Relieving poverty and homelessness through the provision of social housing
- 2) Providing intensive housing management to individuals who require medium to high levels of support services
- 3) Providing long term homes to vulnerable adults with complex care and support needs, where the often the only alternative would be an institutional setting.

7B.3 Please describe how the society's business delivered these benefits? The business of the society must be conducted for the benefit of the community. Please describe *how* the society's business (as described in answer to question 7B.1) provided benefit to the community.

- 1) Parasol Homes will relieve poverty and homelessness by providing high quality and bespoke accommodation to vulnerable adults. Parasol Homes works with Local Authorities

alongside care and support providers on Local Authority frameworks to ensure that our tenants needs are met.

- 2) Parasol Homes has a Housing Department comprised of a Head of Housing, Regional Operations Managers and Housing Officers. Our experienced Housing Officers provide tenants who have experienced homelessness or are at the risk of experiencing homelessness with intensive housing management. Other tenants with less severe yet complex needs are also provided a form of support by our Housing Officers. Parasol Homes also works with third party care and support providers to ensure that all tenants are receiving the care and/or support specific to their needs.
- 3) Parasol Homes properties are made available to vulnerable adults with a range of complex care and support needs. A significant proportion of our tenants require high levels of care (provided through third party CQC regulated care providers). Parasol Homes' properties ensure that the required care is provided to tenants in the comfort of their own home and not in an institutional setting.

7B.4 Did the society work with a specific community, and if so, please describe it here? For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

Parasol Homes provides supporting living housing for adults with learning disabilities, physical disabilities and mental health. Parasol Homes also provides accommodation for ex-offenders alongside individuals who are either experiencing homelessness or are at the risk of homelessness.

7B.5 What did the society do with any surplus or profit? For instance, did you donate the money; did money get reinvested in the business; put into reserves; used for some other purpose?

Any and all surplus or profit generated by Parasol Homes will be reinvested into the business and will be utilised for further developing the business and maintaining in ongoing operations.

7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest. Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

Parasol Homes currently has service level agreements in place with a small number of care and providers owned by Allerton Care. The 100% Shareholder of Allerton Care is also the 100% Shareholder of Allerton Housing which is the Parent company of Parasol Homes.

Parasol Homes has worked closely with solicitors to develop and implement a financial ring-fencing agreement between Parasol Homes and Allerton Housing. This ensures that all monies raised either via surplus or profit are reinvested directly into Parasol Homes and cannot be transferred to the Parent Company.

Additionally, majority of Parasol Homes' commercial agreements are with third party support provider whom who there is no risk of a potential conflict.

The care providers owned by Allerton Care with whom Parasol Homes currently has pre-existing service level agreements are all CQC registered and regulated care providers who operate on Local Authority frameworks. In addition to this, Parasol Homes employed Housing Officers are still fully involved with the housing

management of all tenants to ensure that the tenancies are maintained to the highest standards.

Section 8– Declaration

The secretary of the society must complete this section.

Name	Tanvi Joshi
My signature below confirms that the information in this form is accurate to the best of my knowledge	
Signature 	
Position	Head of Operations and Company Secretary
Date	14/04/2022

Section 9 – Submitting this form

Please submit a signed, scanned version of this form along with your accounts and any auditor's report by email to: mutualsannrtns@fca.org.uk.

Or you can post the form to:

Mutual Societies
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

This form is available on the Mutuels Society Portal:

<https://societyportal.fca.org.uk>

Registered as a Limited Company in England and Wales No. 1920623. Registered office as above.

Parasol Homes Limited

Annual Report and Financial Statements For the Year Ended 30 June 2021

Regulator Social Housing Provider Number: 4728

Community Benefit Society Registered Number: 8393

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Registered Social Housing Provider Information

Regulator Social Housing Provider Number: 4728

Community Benefit Society Registered Number: 8393

Members of the board

Chairman:

Joy Malyon (appointed 22 September 2020)

Board Members:

Non-Executive Director and member of the Audit and Risk Committee -Paul Reeves

Non-Executive Director on Board and member of the Audit and Risk Committee - Adrian Lawrence Miller*

Non-Executive Director - Joy Malyon (Board Chair)

Non-Executive Director and Chair of the Audit and Risk Committee - Sarah Smith *

Non-Executive Director - Elizabeth Armitage

Executive Team:

Director of Housing - Sara Martin

Secretary

Tanvi Joshi

Registered office

49 Clarendon Road
Watford
WD17 1HP

Independent auditor

Blick Rothenberg Audit LLP
Chartered accountants and Statutory Auditor
16 Great Queen Street
London
WC2B 5AH

Solicitors

Devonshires Solicitors LLP
30 Finsbury Circus
London
EC2M 7DT

Frettons
The Saxon Centre
Christchurch
BH23 1PZ

BOARD CHAIR STATEMENT

The Parasol Homes Board Members are pleased to present the Annual Report and Financial Statements for the year ended 30 June 2021

July 2020 to June 2021 has been a challenging but successful year for Parasol Homes. We have continued to grow both the supported living and homelessness support provision, with a keen focus of developing our presence as a supporting living provider in the coming year.

Parasol Homes' focus on ensuring the safety of our vulnerable tenants was the foremost priority during the ongoing COVID-19 pandemic. We bolstered our health and safety provision in line with government guidelines to ensure that services to our tenants were not affected.

This year also saw Parasol Homes introduce new properties to its growing portfolio and housing 1,194 new tenants. Our commitment to house, support and care for tenants during this complex time has resulted in our continued support of Local Authorities to meet their needs, in particular their enhanced needs under the Homelessness Reduction Act 2017.

Our dedicated staff have played a crucial role in keeping our tenants protected and services running during this time and have allowed Parasol Homes to grow in a sustainable and safe manner.

Parasol Homes has concentrated on growing in areas where it already operates, alongside new areas where there is a marked demand for our services. This will remain at the core of our future growth and commitment to being a viable organisation.

AUDIT COMMITTEE CHAIR STATEMENT

Responsibilities of the Board and its Committees

The Board meets formally at least six times a year and has continued to do so, on a virtual basis, during the disruption of Coronavirus this year. It is responsible for setting the mission, vision, values and aims for the Group, directing strategy and approving budgets and long-term financial plans. The Board monitors performance and the delivery of Parasol Homes plans and strategies. The Board is also responsible for establishing and maintaining a system of internal control. The Board has delegated authority in particular areas to its Risk & Audit Committee, as set out below.

The Audit and Risk Committee comprises a minimum of at least three Parasol Board Members, supported by Independent Members co-opted on the basis of their skills or experience. The Committee meets at least six times each year and has done so virtually during the year. It is responsible for overseeing external audit and the production of statutory accounts; the internal control framework; the internal audit function; the high-level risk framework and other areas relating to regulation, governance and confidential reporting.

Annual compliance statement

The Board of Parasol Homes has undertaken a self-assessment of compliance with the Regulator of Social Housing Regulatory Framework and in particular the Governance and Financial Viability

AUDIT COMMITTEE CHAIR STATEMENT (continued)

Annual compliance statement (continued)

Standard and satisfied itself that the Association was compliant for the year-ended June 2021. Compliance with the selected Code of Governance is also self-assessed on an annual basis.

Statement on the system of internal control

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the organisation's assets and interests.

Governance

The Board undertakes a self-evaluation of its own performance every year via the Board Evaluation Questionnaire. The latest evaluation was completed in January 2021, with good results overall and agreement that the Board was performing well in most areas. The evaluation did identify a number of areas where the Board was seeking further assurance and greater oversight. These will be addressed over the course of the year.

Identification and evaluation of key risks

The Board confirms that there is a long-term ongoing review process for identifying and managing significant risks faced by Parasol Homes covering the period up to the annual report. Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of Parasol Homes' activities. The Executive Team regularly considers and receives reports on significant risks facing Parasol Homes and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. All Board and committee reports include a section detailing the risks arising or identified as a result of any information or recommendations included in the report. In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the organisation is exposed. The Risk Panel and our Board of Management have continued to work together to assess the quantification of our risk appetite and have produced the following Risk Appetite statement;

"The Board recognise that Parasol Homes activities involve risk and the taking of appropriately identified, evaluated and controlled risks in pursuit of business objectives is acceptable, particularly in pursuing business opportunities for the benefit of the company and its customers."

The risk based approach is consistent with best practice across the sector. The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes: The annual review of the Risk Management Strategy, Risk Management Procedure and Strategic and Operational Risk Maps. This is an ongoing process for identifying and managing significant risks faced by the organisation. This process has been in place throughout the year under review, up to the date of the annual report and accounts, and is regularly reviewed by the Board. As of June 2021 the risk maps identified the top risk facing

AUDIT COMMITTEE CHAIR STATEMENT (continued)

Identification and evaluation of key risks (continued)

Parasol Homes relating to the failure to comply with legislation and regulation and the effect the global pandemic has had on the business.

Annually, the Audit and Risk Committee and Board set out how it intends to deliver its risk management objectives during the year. Over the past twelve months Parasol Homes has developed and implemented a comprehensive Risk Assurance framework, which clearly evidences how the Board obtain assurance that the key risks have been managed and mitigated. Over the last year, Parasol Homes has continued to embed the implementation of a dedicated risk management system to improve the management of risk across the business.

Environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead, detailed management accounts produced monthly and forecasts for the remainder of the financial year and for subsequent years. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Monitoring and corrective action

A process of regular management reporting on control issues provides assurance to senior management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the Executive Team and report to the Audit and Risk Committee. The Audit and Risk Committee considers internal control and risk at each of its meetings during the year. The Audit and Risk Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control process. The Audit and Risk Committee provides regular updates the Board at each board meeting on their activities.

Board Report (including Strategic Report)

The Board of Parasol Homes Limited (“the Housing Association”) presents its report, including the strategic report and the audited financial statements for the year ended 30 June 2021. This means that although comparisons are provided, they are not directly comparable.

Members of the board

The members of the board were as follows:

Joy Malyon – Chairperson

Having over 15 years’ experience of the Housing, Support and Care sector, Joy is highly driven and passionate in furthering the development of accommodation within the social housing sector to help the most vulnerable people within our society. Her previous achievements as Chief Executive Officer of a Registered Provider of Social Housing were to expand the property portfolio by over 200%, whilst still retaining a robust housing management function suited to the needs of the resident, and maintaining a strong financial viability and compliance methodology. Joy gained the investors in people award and were accredited with several Local Authorities as a preferred provider based on the quality of accommodation and service delivery.

Paul Reeves – Non-Executive Director

Paul Reeves read geography and philosophy at St. John’s College Cambridge, and has been working in housing ever since for 35 years. His jobs have included management consultancy with Hackney Homes, producing their anti-social behaviour strategy, asset management strategy and youth engagement strategy. His other roles have ranged from advising the Ministry of Defence on tenancy agreements and lettings, running the resident’s initiative service at the London Borough of Islington, and running the Home buy service at the London Borough of Hammersmith and Fulham. He has served on the board of several Housing Associations, including Bush Housing Association as Vice Chair, Garden City Homes Housing Association as treasurer, and at Frays Housing Association. Paul is the author of three books, namely An Introduction to Social Housing (1st and 2nd editions) and Affordable and Social Housing, Policy and Practice.

Sarah Smith – Non-Executive Director

Sarah is a highly experienced accountant with over twenty years’ experience, the past fifteen of which have been held in senior management positions across a variety of industries. Sarah has demonstrated identifying and leading strategic change, recognising new revenue channels and improving business processes. Sarah especially thrives on making a difference and adding value. Sarah has extensive experience of working with a wide variety of people across many business functions.

Adrian Lawrence Miller – Non-Executive Director

Lawrence has extensive experience working in the Housing sector within both the Private and Public spheres. He has held senior development roles in several key organisations such as BPHA, Countryside Properties Plc and Home Group Ltd. Lawrence has previously focused on residential and commercial developments with specific knowledge of appraising both current and new schemes. He has expertise in handling Latent Defect Diagnosis, Compliance and Design, alongside negotiating land Purchases. Lawrence is also a Member of the Chartered Institute of Building.

Board Report (including Strategic Report) (continued)

Members of the board (continued)

Elizabeth Armitage – *Non-Executive Director (appointed Aug 2020)*

Elizabeth is an established Housing professional with a strong focus within the sub-sectors of social care, supported living and homelessness prevention. Elizabeth's career within social care has been vast, with in depth experience in safeguarding and mobilising relationships within the sector. Elizabeth has a Masters in Social Work from the University of Hull and is now working on a strategy group alongside the Winston Churchill Charitable Trust and the National Housing Federation.

Sara Martin – *Director of Housing (appointed 19 October 2020)*

Sara is an experienced manager of people, property and budgets. Sara has a BA Honours degree in Housing Studies and has worked for a large national Housing Association in addition to 2 local authorities. Sara's background is in both general needs housing and supported housing. Sara specialises in supported housing and puts the customer at the heart of all she does. Sara is an innovator and with her eye for detail has a proven track record for delivering service improvements for customers and services efficiencies for organisations which have truly made a positive difference.

SUPPORTING INDEPENDENCE

Parasol Homes is a national registered provider of specialised supported housing and is extremely proud to provide vulnerable adults with safe and secure homes of their own with innovative and responsive care and support services. This enables our customers to sustain their tenancies and lead independent and fulfilling lives. Our provision includes intensive housing management services, housing with care, move on accommodation and our housing and support services for those who are homeless or at risk of becoming homeless.

Parasol Homes delivers a critical service to customers within our communities, as unfortunately there is simply not enough provision of good quality supported housing for vulnerable adults with complex needs. Indeed, the projected demand for supported housing in England is estimated to increase by 125,000 by 2030. There is just not enough supported housing to meet that demand and continuing budget pressures on statutory services means that local authorities and other commissioners are continuing to prioritise services which are high quality, cost effective and which provide an alternative to traditional forms of institutional settings. Whilst specialised supported housing delivers these vital cost savings it also brings such positive outcomes for vulnerable adults allowing individuals to remain in their local community and away from institutionalisation and dependence. Over the last four years we have worked hard to address this significant unmet demand for accommodation and provided lifetime quality homes to support people on their pathway to independence.

With the needs of our customers and future customers in forefront of our vision we have looked at the economic, political and environmental landscapes and have set out our future aims and strategic priorities which include increasing our supply of specialised supported accommodation particularly to further meet the needs of the communities we already work in and to ensure that

Board Report (including Strategic Report) (continued)

SUPPORTING INDEPENDENCE (continued)

our existing homes are well maintained and properly invested in and that our customers are happy with their care, support and accommodation.

Parasol Homes is committed to ensuring that its strategic vision, aims and objectives are delivered through efficient operations with robust processes that fully supports our compliance with the Regulator of Social Housing's Economic and Consumer Standards.

OUR MISSION STATEMENT

Supporting our customers and building communities through high quality housing interventions.

OUR VISION

To be an organisation recognised for the quality of its homes, which enable customers to maximise their independence, and meet the needs of our partners and the communities we work in.

Strategic aims and objectives:

- Provide good quality, secure, well managed and maintained homes to meet the specialised supported housing needs of our current and future customers in the communities we work in, which supports our compliance with the Regulator of Social Housing's Consumer Standards
- Support our customers as individuals to live the life they choose and achieve independence which supports our compliance with the Regulator of Social Housing's Consumer standards
- Be a financially robust organisation, generating funds which can be properly reinvested back into our housing stock and services for the benefit of our customers, providing a long term & financially viable housing provision to our client base
- Continue to deliver more homes at realistic levels to increase our supply of specialised supported accommodation and to continue meeting the needs of the communities within which we already work and to explore ways we can assist in meeting other needs
- Carefully manage our resources so we are well governed and have the finances, people, technology & key partners to succeed
- Develop and maintain a range of key partnerships to help us achieve our objectives

Our key goals to achieve our objectives are:

- Collect and analyse detailed stock condition and energy efficiency information
- Devise an energy efficiency strategy to plan meeting future standards and to secure relevant funding opportunities
- Invest in our current stock by developing and delivering our cyclical maintenance programme
- Develop and implement an asset management strategy with targeted value for money efficiencies
- Increase opportunities for customer feedback and involvement
- Deliver targeted investment of asset purchase and development starting in 5 - 7 years

Board Report (including Strategic Report) (continued)

OUR VISION (continued)

- Continue to increase our supply of short-term leases and encourage more funders to enter into shorter term lease arrangements
- Focus the next phases of our stock growth in areas where we currently work to greater meet the communities' need and bring more organisational efficiencies
- Explore the potential for offering our tenancy management services to other Registered Providers
- Assess opportunities for diversifying our services
- Deliver the outcomes of our Procurement & Value for Money Strategy 2021-2024 ensuring that our core values, corporate aims and objectives are reflected and that it supports compliance with the regulatory standards for value for money and financial viability
- Map out the further development of our procurement function and value for money initiatives
- Explore opportunities for additional funding and grants alongside working collaboratively with others to create cost efficiencies, make organisational savings and meet identified needs

OUR PEOPLE

People are important to us at Parasol. Our team of passionate and dedicated housing professionals work together with our partners, commissioners and our Board to provide our customers with the best possible homes, care and support services.

We are extremely proud of our customer offer. We continue to put our customers at the heart of all we do and involve them in as many aspects of our work as possible. Our team provides customer service excellence and we only work with like-minded partners. Coupled with the stability of a permanent home this is a critical element in us making a truly lasting difference to customers lives which contributes positively to their health and wellbeing.

Following the easing of pandemic related restrictions, Parasol Homes staff worked closely with our partner care companies to encourage our customers to safely participate in activities, including gardening, bike rides and picnics. This has made a significant difference to our Customers' lives after a number of months within their homes without social interaction, other than with care staff.

As part of this, a parent of care customer who has been getting very green fingers has said what a difference the activities have made to her son's life during pandemic; "Marc is growing, flowers, herbs and veggies, including strawberries and kale for his pet tortoise Horace and he sits on a matt by the side and gets involved helping to water the plants".

Additionally, our homelessness service in Wakefield partnered with a local school for food supplies so that our customers could enjoy an outdoor picnic after months of non-socialisation. This was accompanied by a bike ride to encourage both physical and mental health. One of our

Board Report (including Strategic Report) (continued)

OUR PEOPLE (continued)

support customers said, “We all struggle with similar mental health issues and these 3 hours gave me time away from the property to spend socially with others, getting exercise and fresh air”.

We work with local authorities, commissioners and partners who identify vulnerable adults in need of our services. For many of these organisations a challenging funding regime has left them unable to invest in long-term supported accommodation solutions. This has resulted in many vulnerable adults sadly being housed unsuitably, or having to remain in institutional settings, which not only limit independence, but are expensive to provide. Further, the lack of move-on options for these vulnerable adults can result in there not being spaces for others in need. We are delighted to have been able to continue to work in many partnerships to deliver and develop our services and find solutions to challenging housing issues over the past year to best meet the needs of the localities we work within.

Covid-19 has been arduous for everyone and we are extremely proud of the way our team has risen to the occasion. Throughout the pandemic we have acted to mitigate the spread of the virus, adapted our services as necessary and supported customers and partners with the resulting welfare and financial difficulties. In addition to our usual health and safety checks, we have introduced precautionary measures to keep everyone safe such as adapted visits, use of PPE and testing and isolated where necessary. Our customers have continued to tell us how much they have appreciated our efforts to help them through these extraordinary times. We thank all our staff for all their ongoing hard work and dedication on behalf of our customers.

OUR HOMES

Over the past year we have continued to invest in our communities and have celebrated bringing more units of accommodation on board for our customers. As of December 2021, we have 1,764 units of accommodation in management. During this accounting period and beyond we have continued to work in partnership with commissioners, funders and providers to deliver more units of high quality supported housing in areas of demand. This extended growth further demonstrates the confidence of our stakeholders in Parasol’s delivery as an exceptional provider of specialist supported housing.

We are proud to use our financial strength to provide new homes. Once acquired all our properties are refurbished to the highest possible standards. The quality of our homes along with our services are very important to us as we want to exceed our customers aspirations. Parasol is a springboard enabling our customers to lead independent lives and sustain their tenancies. These positive outcomes for our customers and regeneration of properties also add significant benefits to the communities we work within.

Without organisations like ourselves, some people would find themselves housed in inappropriate accommodation, possibly in an expensive institutional setting, or far from the community they are part of. Our interventions enable our customers to maintain their independence and dignity and supports our commissioning partners with a positive solution for the most vulnerable in our society. At the same time our work maintains and build communities through providing high quality appropriately designed housing.

Board Report (including Strategic Report) (continued)

OUR HOMES (continued)

We currently provide homes in Barnsley, Eastbourne, Hull, Macclesfield, Lincoln, Liverpool, London, Nottingham, Preston, Somerset, Tunbridge Wells, Wakefield and Watford.

We manage our assets according to our Asset Management policy to ensure our homes remain over and above what is required under the *Decent Homes Standard*. To do this we carry out stock condition surveys, keep our asset database up to date and maintain an investment plan and examine this regularly adjusting responsive and planned works priorities accordingly. These arrangements are reviewed annually to ensure they reflect our current and future strategic property needs.

As a caring and responsible landlord, compliance is a critical function for us at Parasol. With the health, safety and wellbeing of our customers at the heart of our work we make sure we achieve 100% compliance in all areas at all times. We have developed an internal audit function which focusses compliance across various areas including, care and support provision, housing management and asset management.

Although a national provider, we are proud of the local service provision, which is tailored to the needs of each area and individual customers. Our continued feedback shows us that our customers appreciate the local services, which are delivered by trusted staff which our customers have built up a rapport with over time. To further enhance these services, we continually review our systems and procedures for greater value for money efficiencies coupled with stronger customer satisfaction outcomes.

OUR PERFORMANCE

We are committed to managing our resources to provide quality cost effect services for our customers. Here are a number of our key performance highlights from this accounting period:

No of responsive repairs completed – **1972**

New properties onboarded – **46**

New units onboarded – **206**

New tenants added – **1194**

No of new portfolios – **4**

Social Housing rental income net of service charges – **£10,780,954.29**

KPI	Performance Indicator	Current Target	Current Value	Peer Group Average Benchmark
Repairs	% Valid gas safety certificates	100%	100%	98%
	% Valid electrical safety certificates	100%	100%	98%
	Repairs completed in target time	100%	97%	99%
	% Satisfied with repairs	100%	95%	92% - 100%
	% on non-decent homes	0%	0%	
Tenant satisfaction	% Satisfied with complaints handling	100%	89%	88%
	% of formal complaints responded to within target time within the quarter	100%	100%	86%
	% of tenants satisfied with landlords services overall (annual)	100%	90%	90%
	% of tenants satisfied with quality of homes	100%	93%	88.75%

Board Report (including Strategic Report) (continued)

OUR PERFORMANCE (continued)

Following on from last year we have continued to further develop our KPI's as part of our ongoing service improvement work. These focus in greater detail on the quality of our service with an emphasis on customer satisfaction, voids, repairs and arrears. To further scrutinise these and benchmark ourselves against similar providers we are setting up a Customer Forum and will be becoming a member of Housemark in 2022. Listening to our customers, we strive to continually develop our policies and procedures so they best fit with their individual needs and aspirations. Working together with our Customer Forum we hope to further develop these and devise new customer service standards. At the end of our next accounting period we will be able to show the results of these measurable plans for our improvement.

THE EXTERNAL ENVIRONMENT

External factors are continuing to play an important role in the national housing environment. The 2020/21 financial year As the pandemic continues to sweep across the world and shows no signs of abating anytime soon, however, Parasol Homes has continued to operate successfully throughout the pandemic with minimal impact on the service to our tenants. The risk assessments conducted at the start of the pandemic and following robust process applied, assisted greatly in ensuring that Parasol Homes provided undisturbed and person-centred service to our vulnerable tenants.

In March 2020, the construction sector's Purchasing Managers Index (PMI) showed the steepest decline in activity since the 2008 recession. The housebuilding industry almost completely stalled during March/April 2020, with new build flatlining and house prices stalling or falling by around 5-10%. As the economy reopened, post lockdown, the construction sector's Purchasing Managers Index (PMI) in July 2021 hit a 5yr high and continues to run above average. This coupled with global logistics supply issues being experienced has led to inflationary pressure on both construction material and labour costs. Parasol Homes continue to monitor this impact and have taken this into account when updating at their most recent business plan.

CLIMATE CHANGE

The quality of our existing and new homes has an important role in our customers safety and wellbeing in addition to addressing climate change.

Decarbonising our homes is an important part of tackling climate change and it will bring the additional benefit of cost efficiencies along with a reduction in fuel poverty. The clock is ticking not only to meet the net zero carbon by 2050 but also achieve a C rating on Energy Performance Certificates across all homes by 2030. As part of our Energy Efficiency strategy the key is identifying archetypes, collecting and analysing comprehensive data and providing options for retrofit that deliver maximum benefits for the least expenditure. Parasol Homes will increase our efforts to meet future standards and is working hard to develop decarbonisation cost estimates against our housing stock, identify relevant funding and collaborative working opportunities to keep costs down and maximise the benefits for customers and lessen the environmental impact.

To future proof our homes for tomorrow, reduce energy use and find cleaner ways to heat our homes Parasol embraces innovation, collaboration and more clarity around sustainable funding and policy as this becomes available.

Board Report (including Strategic Report) (continued)

CLUSTERING AND REGIONAL SYNERGIES

Concentrating the focus for the majority of our future growth in the areas within which we currently operate, enables Parasol Homes to gain greater efficiencies which include:

- Organisationally by reducing staffing and overhead costs
- Meeting a greater and more diverse range of customer needs in the communities we work within
- Assisting our Local Authority partners to meet more of their local housing needs
- Further developing stakeholder and partner relationships to work in greater collaboration to meet the further needs of the locality whilst sharing service costs

The Board, Committee and Executive team firmly believe that this co-ordinated and planned approach assists us in meeting our strategic aims, objectives and vision and strengthens our compliance with both the economic and consumer regulatory standards.

Our focus on maintaining our financial strength ensures that we are well placed, not only to deal with the impacts of the ongoing pandemic, but also to be a key contributor to supporting the recovery and assisting Local Authorities in meeting demand.

STRATEGIC REPORT

Operating and Financial Review and Report of the Board

For the Year Ended 30 June 2021

Report of the Board

The Board of Parasol Homes ("the Company") presents its report together with the audited financial statements of the Company for the 12 months ended 30 June 2021.

The Company is a Community Benefit Society registered with the Financial Conduct Authority.

Principal Activity

The Company's principal activity is the provision of intensive housing management to support its residents to sustain their tenancies and enable them to lead independent lives.

Board Members and Executive Directors

The present Board members and Executive directors of the Housing Association are set out on page 3. All executives work within the authority delegated by the Board. Group insurance policies indemnify Board members and officers against liability when acting for the Company.

Employment Contracts

Excluding the Director of Housing, Board members are paid based on a scale reflecting their relative responsibilities to the Company. The total amount paid to Board members during the year was £20,906.

Board Report (including Strategic Report) (continued)

STRATEGIC REPORT (continued)

Pensions

The Housing Association operates a defined contribution Personal Pension Plan. The Director of Housing may participate in this scheme on the same terms as all other eligible staff.

Accounting Policies

The Housing Association's principal accounting policies are set out on pages 38 to 41 of the financial statements.

The Company has prepared the accounts in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and complies with the Accounting Direction for Private Registered Providers of Social Housing 2018.

Housing Properties

All housing properties have been acquired through either long-term or short-term leases. The longest term being 25 years, all leases are operating leases as the life span of all assets is substantially longer than the lease period and the Housing Association will not have ownership of the asset as a result of the lease.

Cash Flows

Cash inflows and outflows during the period are shown in the cash flow on page 37.

The process for identifying, evaluating and managing the risks faced by the Company is ongoing and has been in place through to the date of the approval of the Financial Statements.

VALUE FOR MONEY STATEMENT

Parasol Homes is a social landlord with social purpose with a commitment to achieve value for money for our customers, stakeholders and the communities we work within. Parasol spends money wisely by innovating and consulting with our customers, staff and stakeholders to make the right choices.

Being efficient and effective is critically important. We do not distribute profits so every penny is reinvested back in our homes and services for the benefit of our customers. Parasol Homes aims to achieve a blend of service excellence and value for money through our robust approach to appraisal and decision making. Getting the best value for money is one of Parasol Homes strategic objectives. The board are an integral part of ensuring this is achieved, is clearly demonstrated and that it fulfils the diverse range of housing needs of our customers.

We know that investing in new ways of working and new systems will deliver long lasting efficiencies which will benefit our current and future customers. Our ambition for next year is to move to new tenancy management and financial systems which will provide those greater efficiencies.

Board Report (including Strategic Report) (continued)

VALUE FOR MONEY STATEMENT (continued)

Our year-on-year focus continues to be to keep operating costs under control and in line with our financial forecasting contained within our 30 year business plan. This also includes our aim to deliver around 150 new homes each year.

Parasol Homes strives to consistently realise savings through its procurement practices and ongoing contract management. We do so to provide better services for our customers in the longer term. Keeping our customers at the heart of all we do Parasol recognises that simply driving down costs may ultimately drive down services so mitigates this by the intense scrutiny of our team, board and committee.

Parasol Homes ensures its full compliance with the regulator of Social Housing's Value for Money Standard against which Registered Providers are expected to report in their Financial Statements. The standard includes seven metrics but does allow and expect Boards to choose other metrics in order to demonstrate how we are performing against our prioritised performance indicators and objectives.

A Registered Provider is required to report on its Strategic Objectives in terms of the approach agreed by the Board. The strategy for the delivery of additional homes while achieving optimal benefit from resources by being efficient and economical is to be included in the statement.

Parasol Homes approach to achieving value for money is not just about saving money. It is about delivering services in the most efficient ways possible whilst meeting the needs of our customers, stakeholders and the communities we work within.

THE SUPPORTED HOUSING MARKET

Parasol Homes is providing a critical service to our customers and the communities we work in. There is simply not enough supported housing for vulnerable adults with complex needs. Indeed, the projected demand for supported housing in England is estimated to increase by 125,000 by 2030. Continuing budget pressures in social services departments means that local authorities and other commissioners are continuing to prioritise services which are high quality, cost effective and which provide an alternative to traditional forms of institutional settings. Through our work we are addressing significant unmet demand for accommodation that can support those with high needs.

Our interventions enable our residents to maintain their independence and dignity and supports our commissioning partners with a positive solution for the most vulnerable in our society. At the same time our work maintains and build communities through providing high quality appropriately designed housing.

From 2003, funding for housing support was provided through the Supporting People programme, however in 2009 the Supporting People ring-fence was removed, and from 2011/12 the funding was rolled into the single Formula Grant given to local authorities. This grant has been reducing over time and as local authorities have had to make tough decisions about how they spend their limited resources, non-statutory services in general, and housing related support specifically have often been a casualty.

Board Report (including Strategic Report) (continued)

THE SUPPORTED HOUSING MARKET (continued)

Therefore, our funding model is based on our residents claiming housing benefit (or the housing element of Universal Credit) to cover the costs of their housing and support. Due to the needs of our residents, the support we provide, and the adaptations we make to our properties our residents are then able to claim more housing benefit than the local housing allowance rate.

OUR CUSTOMERS

Our residents are vulnerable adults with a range of needs. Many are referred to us by their local authority, or other statutory commissioner, although we do also accept self-referrals from people in need. Looking to the future we intend to particularly focus our service on those with learning disabilities, physical disabilities, and mental health problems.

The PSSRU projected demand for supported housing in Britain 2015-2030 identified that, learning disability projections stated that the amount of supported living needed for those with learning disabilities is required to increase by 55% in England and by approximately 53% in Great Britain from 2015-2030. In England, this would be an increase of 25,300 units by 2030.

Board Report (including Strategic Report) (continued)

OUR VALUES

Open and Trustworthy

We act with integrity and do what we say we will.

We are transparent about how we work and provide residents and stakeholders with information about our business.

We are reliable and meet our commitments, acting as a trusted partner to those who work with us.

People-Centered

We put our customers' needs at the forefront of what we do.

We work to enable maximum independence for our residents.

The Housing Association understands the importance of meeting the needs not just of individuals but of the whole community and helping to keep people within their community.

Respectful

We respect the diverse needs of our staff and customers and treat everyone with respect.

We recognise that people have different needs and adapt our approach to ensure people from all backgrounds and experience can flourish.

Passionate

We are committed to the important work we do and are passionate in delivering for our customers and communities.

We give 100% to delivering excellent services to those we work with and for.

We will go above and beyond to deliver positive outcomes for our residents, looking at innovative solutions.

Over the life of this strategy, we are ambitious for what the Company can achieve. We will become a national provider, with an operating model based on a mix of long-term leases that will provide stability and security for our residents, and short-term leases that will reduce the risks to our business from the external environment and allow us to remain flexible. Through our growth we will diversify our portfolio to manage the risks to the business, this includes purchasing assets using our reserves.

Our focus will be providing accommodation for those with learning disabilities, physical disabilities and mental health problems. However, we will be sensitive to the needs of our commissioning partners and the communities in which we work and adapt our offer to meet their requirements.

We also see the huge value of all forms of affordable housing in the communities where we work and will also seek to enable the provision of Affordable Rent Accommodation through purchasing

Board Report (including Strategic Report) (continued)

OUR VALUES (continued)

homes developed under section 106 agreements. In this way we will unlock developers to deliver more homes.

As our portfolio grows nationally, we will work with other carefully selected partners to provide housing management services in our new areas of operation. This will allow us to maintain high quality standards in areas where we lack a critical mass of homes. We will keep this approach under review, to ensure we are delivering value for money, and high-quality services to our residents.

FINANCIAL VIABILITY

Ensuring our organisation is financially viable and building our financial strength will be a key driver for the Housing Association. A robust financial position is important to ensuring we can deliver services to our existing residents and grow our organisation to reach more vulnerable adults.

We will:

- Ensure that our revenue exceeds our expenditure, so we are able to build our reserves, and have money available to invest in new and existing stock
- Diversify our portfolio so we are able to mitigate any changes in our future funding model, including purchasing and the development of assets

Leading the way in Supported Housing:

Parasol Homes is already known as a national registered provider of social housing; however the Company is developing its branding, visibility and recognition within the areas where Parasol Homes operates. To do this, we will:

- Develop our existing brand
- Grow and strengthen our reputation nationally
- Welcoming and promptly responding to compliments, concerns and complaints
- Working collaboratively with our partners to meet Local Authority demands

Customer Engagement:

We are focussed on ensuring the properties we provide are a 'home' for our customers. For us this means tenants' choice and voice should shape the services they receive, and that we will provide high-quality equipment across the Company's homes. We will:

- Provide opportunities for our residents to shape the services they receive
- Ensure homes and adaptations we provide are of a high quality

Board Report (including Strategic Report) (continued)

FINANCIAL VIABILITY (continued)

Staff:

The people who work for us are at the heart of what we do and are essential to the success of our organisation. We have an excellent staff team and want to ensure we retain their talent and enable them to excel. We will:

- Work towards achieving Investors in People accreditation
- Develop a new appraisal framework
- Provide training and development opportunities to staff, particularly focussed on growing their leadership qualities
- Continue to develop our existing Equality and Diversity Policy

Strong Finances

A robust financial position is essential to delivering our objectives. Our financial plan sets out how we will remain a viable organisation, which has been revised from the prior year due to expansion of units above the original plan. Through this new plan by 2026 we will achieve:

- Turnover of £29.5m
- Gross Surplus margin of 8.3%
- Net Surplus margin of 5.2%
- Reserves in excess of £10m

We know strong governance and internal controls will support our organisation to achieve our aspirations. We have adopted the NHF Codes of Governance and Conduct, to ensuring our governance is in line with best practice for the sector. In addition to this, we have appropriate policies and processes in place to manage issues around probity as well as any actual or potential conflicts of interest.

We have an excellent Board, carefully curated to ensure we have the right skills and expertise to support the organisation. Our Board has a Non-Executive majority, with Directors showcasing a diverse skill set. This allows the Board to carry out its responsibility for effectively overseeing the Parasol Homes' activities.

Risk Management and Mitigation

Risk is inherent and unavoidable in some of our activities. We aim to manage risks effectively and manage them to an acceptable level with appropriate mitigation. Many of the specific operational shocks we could face are already monitored through our key performance indicators which are reported on a regular basis to the Risk & Audit Committee.

Board Report (including Strategic Report) (continued)

Risk Management and Mitigation (continued)

Our approach to risk management and mitigation, if required, is led by the Risk and Audit Committee in line with the Risk Management Framework. This framework is aligned to the National Housing Federation Codes of Governance and Conduct and the Regulator of Social Housing Sector Risk Profile and is characterised as follows:

- The Board sets the foundation for risk management by determining Parasol Homes' appetite for risk and this is reviewed on an annual basis
- The Risk and Audit Committee develop and refine strategic operational risk maps linked to strategic objectives with a live set of mitigation plans
- The risk register was developed with input from relevant business departments and regular input from the key departments is requested
- Undertaking comprehensive stress testing and a live set of mitigation plans
- Robust due diligence processes and assessment of potential risks presented to the Board for any new contracts, agreements, developments and other significant new developments before deciding whether and how to proceed
- Review of service performance and feedback from customers and key stakeholders
- Internal and external audit functions and reporting including annual review of effectiveness conducted by the Risk and Audit Committee

NHF Code of Governance and Regulator of Social Housing Governance and Financial Viability Standard

The Housing Association monitors its on-going compliance with both the economic and consumer Regulatory standards and compliance is reported to the Board on an annual basis with any changes or implications arising within the year being reported on an ad hoc basis. Having considered the requirements of the Regulator for Social Housing regulatory framework, following review by the Board, we are pleased to report that the Housing Association complies with the NHF Code of Governance and the Governance and Financial Viability Standard.

Subsequent to the year end, The Regulator of Social Housing opened an enquiry into certain aspects of the Housing Associations governance and business arrangements. The directors of the Housing Association are actively working with the Regulator to address any concerns.

The Housing Association has a long-term business plan which shows strong growth both in terms of units and financial performance.

The Board has a reasonable expectation that the Housing Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the ongoing concern basis in the financial statements.

Board Report (including Strategic Report) (continued)

VALUE FOR MONEY

In April 2018, the Regulator of Social Housing introduced a new Value for Money Standard and accompanying Code of Practice. The Standard introduced a requirement for providers to publish performance against their own Value for Money targets, and a series of common metrics with which to measure economy, efficiency and effectiveness set by the Regulator.

The Regulator defined these metrics in the publication Value for Money metrics – technical Note feedback and responses. These seven metrics remain the most appropriate set of measures to capture performance across the sector in a fair and comparable way.

The Housing Association believes that Metrics 1 – 4, being reinvestment percentage, new supply delivered percentage, gearing percentage and the earnings before interest, tax, depreciation, amortisation, major repairs and interest cover percentage are not applicable to the Housing Association and the Housing Association does not own its own properties and has no debt financing.

The remaining Metrics 5 – 7 are detailed below:

Metric 5 – Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator, being the costs in note 3 divided by the total number of housing units managed:

	2021	2020
Management costs	£9,865,838	£8,064,600
Total social housing units owned	476	491
Headline social housing cost per unit	<u>£20,727</u>	<u>£16,425</u>

As per the RSH Value for Money Metrics and Reporting 2020, the median 'headline social housing cost per unit (£'000)' was £3,830. The Housing Association currently has a headline social housing cost per unit of £20,727 (2020: £16,425). The primary reason for this is that the Housing Association operates within a lease-based model and not within the traditional purchase and leverage model. A further metric below has been added to remove the lease rent costs:

Metric 5a (Parasol Homes Internal metric) – Headline social housing cost per unit less lease costs

	2021	2020
Management costs (less lease costs)	£2,340,128	£1,308,098
Total social housing units owned	476	491
Headline social housing cost per unit	<u>£4,916</u>	<u>£2,664</u>

Board Report (including Strategic Report) (continued)

VALUE FOR MONEY (continued)

The revised metric reflects a cost closer to the RSH Value for Money Metrics and Reporting 2020 upper quartile of £4,860 per unit. The primary reason for the social housing cost per unit increasing is due to seeing an increase in repairs and maintenance, which was expected and predicted in the prior annual report in relation to the impact of the pandemic. Ensuring a high quality responsive repairs and maintenance service is very important to us and we know how important this is for our tenants and what a difference this makes to them and their everyday lives. A key positive impact of this high-quality service is demonstrated through the high levels of health and wellbeing of our tenants.

Additionally we have invested heavily in highly skilled and experienced staff and in our IT systems to make us stronger, more accountable and fit for growth.

Metric 6 – Operating margin %

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business:

	2021	2020
Operating (deficit)/surplus from social lettings	£915,116	(£90,491)
Turnover from social housing lettings	£10,780,954	£7,974,109
Operating margin % - social housing only	8.49%	(1.13)%
	2021	2020
Operating (deficit)/surplus	£231,789	£159,442
Overall turnover	£25,121,911	£11,197,921
Operating margin % - Overall	0.92%	1.42%

As per the RSH Value for Money Metrics and Reporting 2020, the median operational margin (social) is 25.7% (2019: 29.2%). Similarly, the median operational margin (overall) is 23.1% (2019: 25.8%).

The Housing Association has an operating margin (social) of 14.44% (2020: (1.13%)) and an operating margin (overall) of 0.92% (2020: 1.42%).

The Housing Association acknowledges that its overall operating margins, both social and overall fall well beneath the mean figures published in the RSH Value for Money Metrics and Reporting 2020. However, this is related to the funding strategy of the Housing Association, which results in the Housing Association having a higher cost base in comparison to a more traditional Housing Association funding model.

Board Report (Including Strategic Report) continued

VALUE FOR MONEY (continued)

Additionally, The Housing Association's provision of Specialised Supported Housing (SSH) and in particular its tenant base of vulnerable adults with a range of complex needs, results in an increase onboarding cost.

Metric 7 – Return on capital employed %

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources:

	2021	2020
Operating surplus adjusted for gain/(loss) on disposal of assets and share of operating surplus/(loss) in joint ventures and associates	£231,789	£159,442
Net total assets less current liabilities	£3,201,344	£2,050,117
Return on capital employed %	7.24%	7.78%

As per the RSH Value for Money Metrics and Reporting 2020, the median 'Return on Capital Employed' is 3.4%. The Housing Association currently has a return on capital employed of 7.24% (2020: 7.78%).

The Housing Association return on capital employed is currently higher than that of the wider market, due to its lease-based business model. As part of this model, the Housing Association receives an initial cash payment at the start of the lease process in order to offset initial onboarding costs of the new units. The onboarding costs include, but are not limited to, administration costs and the management of the new units.

Furthermore, as the Housing Association operates within the lease-based model, it does not own any of its properties and therefore does not have a high asset base. As a result, the Housing Association is driven primarily by margin and not through rent earned via a more traditional purchase and leverage model.

Board Report (Including Strategic Report) continued

INTERNAL CONTROLS

The lines of control include Senior Management Team meetings, Board and Committee meetings and reviews by auditors.

It is crucial that internal auditors are brought in on an annual basis to conduct spot checks on Parasol Homes policies and procedures. The last such occasion was during August 2021 which led to improvement with the Procurement & Value for Money Strategy being updated for 2021-2024.

EXECUTIVE LEADERSHIP

In a year dominated by a global pandemic, Parasol Homes are proud to have continued to look after the safety and wellbeing of our customers and employees. We have remained resilient as a business and have continued to consistently deliver against our strategic priorities. Against this backdrop and despite the turbulence the pandemic has caused we have continued to deliver performance in accordance with our aims and objectives.

Sara Martin, Director of Housing.

GOVERNANCE AND OUR BOARD

Being a financially strong and well governed organisation is very important to us. Our governance centres around people. Firstly, that our services are the best they can be for all our customers. Secondly, it's our passionate and dedicated team of staff and partners that provide the best possible housing, care and support services. To accomplish our vision and mission statement our Board and Executive team work effectively together providing a clear and concise structure which ensures accountability within our decision-making structure. We have adopted the NHF code of governance, to ensure our governance is in line with best practice for the sector. We have appropriate policies and processes in place to manage issues of probity as well as any conflicts of interest. Our governance framework has now bedded in and is robust. This is monitored continually to ensure that it remains fit for purpose and continues to facilitate our ongoing development and improvement.

Our effective governance arrangements deliver our aims, objectives and intended outcomes for new and existing customers in an effective, transparent and accountable manner. A significant part of the Boards work is the ongoing appraisal of these arrangements. Our Board operates with a clear purpose and are forward-looking maintaining a keen eye on the regulatory environment and are responsive to changes within housing and the wider world. Whilst the Board acknowledges their overall responsibility for establishing and maintaining a system of internal control and for reviewing its effectiveness they also truly scrutinise and challenge the Executive team. Our board's skills are reviewed on a regular basis and our KPI's help the Board to monitor our progress against our corporate objectives.

Board Report (Including Strategic Report) continued

OUR GROWTH

We have a key role to play in helping solve England's supported housing and homelessness demands and we remain focused on our continued growth which allows us to make a real difference. We know that population growth, changing demographics, and new healthcare outcomes will continue to increase demand for the supported housing we provide. We will concentrate our continued growth to meet the current and future unmet demand across England. Through working with communities, commissioners and our partners we will be at the forefront of innovative housing and support solutions for vulnerable adults.

Alongside our growth ambitions, we remain committed to the communities we currently work within and the relationships and partnerships that have enabled us to flourish so far. We are grateful for the dedication and passion that has been brought to our business by our staff, partners and by the communities we work in. We will continue to invest in the areas we already work in but will also expand into new regions of demand.

Our growth this financial year has been in spite of the COVID-19 crisis which gives us assurance that we are on the right track strategically. We have a solid business plan, financial structure and a dedicated employee base to enable us to move forward, grow and adapt to the changing environment in which we operate. We know that 2022 will bring challenges, however, we are ready to manage and expand on the foundations we have laid during the 2021/22 financial year.

LOOKING AHEAD

Home should be a place of safety, security, warmth and comfort. The pandemic has shown us again the key link between health and housing and just how important home is and particularly a stable home for greater health and wellbeing.

Through our quality housing and support services we will continue to work with our stakeholders to support our customers in accessing safe and secure homes and developing the life skills they need to live independently.

Looking ahead we plan to consistently grow whilst developing our product and innovative services to meet the needs of localities across the country and to our individual customers unique and diverse needs. As we develop our KPI's, 2021 is our first year of benchmarking our services against other similar registered providers of specialist supported accommodation. We look forward to being able to measure our services and demonstrate our performance in our field of expertise in our next set of audited accounts.

Our key priorities for 2022 are:

- Focus on de-carbonisation policies and a move towards energy efficient homes
- Continuing to invest in bespoke, high-quality services and accommodation which meet both tenant and regulatory standards
- Establish a customer forum to scrutinise the Company and hold it to account
- Focus the next phases of our stock growth in areas we currently work in, to greater meet the communities needs and bring more organisational efficiencies

Board Report (Including Strategic Report) continued

LOOKING AHEAD (continued)

- Assess opportunities for diversifying our services
- Establish a Savings Register to highlight savings through procurement
- Explore opportunities for additional funding and grants alongside working collaboratively with others to create cost efficiencies, make organisational savings and meet identified needs

We have clear objectives within our business plan around service improvement, delivery of new homes, support solutions and services across the country and ensuring sound financial management. Our customers help us to define and develop these priorities and our team of passionate housing professionals are committed to the achievement of these positive outcomes.

BOARD FINANCIAL OVERSIGHT

The Company's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Company has a long-term business plan, which shows ongoing positive surpluses and cash flow.

The current Board approved 30-year Business Plan includes stress testing, covering a scenarios determined by the Board and Audit Committee as being most applicable to Parasol Homes. It is paramount for business to undertake both robust and detailed stress testing across appropriate combinations of risk so the Board can be assured of the short, medium and long-term viability of Parasol Homes society and where potential concerns raised, put in place any necessary mitigations. The testing is focused on the impact of different possible economic, strategic and regulatory situations on turnover, surpluses, cash and net asset value in the balance sheet. Further non-financial implications also need to be considered such as potential adverse reputational and stakeholders relationship risks.

On this basis, the Board has assurance that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed.

The Board acknowledges its overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness, alongside complying with the Regulator of Social Housing's (RSH) Economic Standards. Internal controls are a key part of the Risk Management Framework.

The system of internal control is to manage and mitigate, the risk of failure to achieve business objects and to provide assurance against material misstatement of loss.

Board Report (Including Strategic Report) continued

Other Matters

The Covid-19 pandemic continues to have an adverse impact on the economy as a whole and consequently on the Housing Association and its controlling party. The Board continues to review the impact of the pandemic on the business and do not believe at the date of this report that the carrying value of assets and liabilities as presented at the balance sheet date have been significantly impacted in the post balance sheet period.

Disclosure of information to the auditors

We, the directors of the Company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

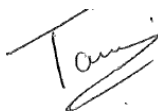
- there is no relevant audit information of which the Housing Association's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

In approving the Board Report, we also approve the Strategic Report included therein, in our capacity as Housing Association directors.

On behalf of the Board:



Joy Malyon
Chairperson
24 December 2021



Tanvi Joshi
Secretary



Sara Martin
Board Member

Board's Responsibilities Statement (RSHP registered in England and registered under the Co-operative and Community Benefit Societies Act 2014)

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Housing Association and of the income and expenditure of the Housing Association for that period. In preparing these financial statements, the Board is required to:

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- iv. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Housing Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Housing Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the club and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Housing Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Parasol Homes Limited

Opinion

We have audited the financial statements Parasol Homes Limited (the 'association') for the year ended 30 June 2021 which comprise the Statement of comprehensive income, balance sheet, statement of changes in reserves, statement of cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at [date], and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Parasol Homes Limited (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The board are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Act 2014 requires us to report to you if, in our opinion:

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes our audit.

Responsibilities of the board

As explained more fully in the board's responsibilities statement [set out on page ...], the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report to the Members of Parasol Homes Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the computer component manufacturing and supply sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation, the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Independent Auditor's Report to the Members of Parasol Homes Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in [note 3] were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, The Regulator of Social Housing including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

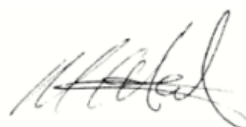
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Hart (senior statutory auditor)
For and on behalf of Blick Rothenberg Audit LLP
Chartered Accountants and Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH



Date: 24 December 2021

Statement of Comprehensive Income

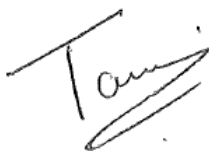
	Notes	Year Ended 30 June 2021 £s	Year Ended 30 June 2020 £s
Turnover	4	25,121,911	11,197,921
Operating costs	4	(24,890,122)	(11,048,783)
Other operating income		-	10,304
Operating Surplus	8	231,789	159,442
Interest receivable and similar income		(1,032)	(1,897)
Depreciation		(212,013)	(127,066)
Amortisation of reserves		122,595	
Surplus on ordinary activities before taxation		141,338	30,479
Tax on surplus on ordinary activities	10	34,889	(34,889)
Surplus/(deficit) on ordinary activities after taxation		176,227	(4,410)
Other comprehensive income (page 36)		1,938,087	1,865,549
Total comprehensive income/(loss) for the year/period		2,114,314	1,861,139

All of the Housing Association's turnover and surplus disclosed above are derived from continuing activities.

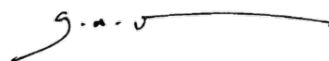
The financial statements were approved by the Board of Management on 24 December 2021 and are signed on its behalf by:



Joy Malyon
Chairman



Tanvi Joshi
Secretary



Sara Martin
Board Member

Balance Sheet

	Notes	2021 £s	2020 £s	Year Ending 31 May 2018 £s
Fixed Assets				
Tangible fixed assets	11	1,246,611	1,251,346	35,177
		<u>1,246,611</u>	<u>1,251,346</u>	107,177
Current Assets				
Debtors	12	5,336,568	2,235,743	5,640
Cash at bank		<u>555,675</u>	<u>636,082</u>	
		5,421,722	2,871,825	131,082
Creditors: amounts falling due within one year	13	3,743,261	2,073,054	28,424
Net current assets/(liabilities)		<u>2,148,983</u>	<u>798,771</u>	
Total assets less current liabilities		<u>3,395,594</u>	<u>2,050,117</u>	209,835
Creditors: amounts falling due after more than one year	13	<u>-</u>	<u>-</u>	
Total Net Assets		<u>3,395,594</u>	<u>2,050,117</u>	206,835
Capital and reserves				
Revenue reserve		360,610	184,568	
Rent support reserve		623,134	713,779	
Sinking fund reserve		1,140,253	352,881	
SDLT reserve		741,044	798,889	
Void reserve		<u>530,553</u>	<u>-</u>	
Total Reserves		<u>3,395,594</u>	<u>2,050,177</u>	

Balance Sheet (continued)

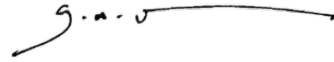
The financial statements were approved and authorised for issue by the Board of Management on 24 December 2021 and are signed on its behalf by:



Joy Malyon
Chairman



Tanvi Joshi
Secretary



Sara Martin
Board Member

Registered Social Housing Provider Number: 4728
Community Benefits Registered Number: 8393

The notes on pages 39 to 53 form part of these financial statements.

Statement of Changes in Reserves

	Note	Rent Support Reserve	Sinking Fund Reserve	SDLT Reserve	Revenue Reserve	Void Reserve	Total
		£'s	£'s	£'s	£'s	£'s	£'s
At 1 July 2019		2,363,271	197,666	559,028	188,899		3,308,864
Preston SDLT				127,270			127,270
Macclesfield SDLT				31,381			31,381
Liverpool SDLT				119,262			119,262
Funds received in year		1,705,993	155,215				1,861,208
Releases in year		(3,355,485)		(38,052)			(3,393,537)
Total comprehensive income for the year					(4,411)		(4,411)
At 30 June 2020		713,779	352,881	798,889	184,568	0	2,050,177
Total comprehensive income for the year					176,227		176,227
Designation of reserves	24	555,412	852,122			530,553	1,938,087
Allocation of funds	24	(646,057)	(64,750)	(57,845)			(768,651)
Balance as at 30 June 2021		623,134	1,140,253	741,044	360,610	530,553	3,395,595

Statement of Cash Flows

		Year Ended 30 June 2021 £s	Year Ended 30 June 2020 £s
Cash generated from operating activities	15	(1,042,380)	(2,992,704)
Increase in designated reserves		1,169,435	1,488,930
Net cash movement from operating activities		127,055	(1,503,774)
Cashflow from investing activities			
Purchase of fixed assets		(207,277)	(618,004)
Net change in cash		(80,222)	(2,121,778)
Cash at the beginning of the period		636,082	2,757,860
Cash at the end of the period		555,675	636,082

Notes to the Financial Statements

1. General information

Parasol Homes Limited is incorporated in England and is a private registered provider of social housing in the United Kingdom. The address of the registered office is given in the information on page 3 of these financial statements. The nature of the Parasol's operations and principal activities are providing social housing. Parasol Homes Limited constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in Sterling (£), which is the functional currency of Parasol Homes Limited, and rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102. The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England

2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Cooperative and Community Benefit Societies Act 2014.

The following principal accounting policies have been applied:

2.2 Going Concern

The Housing Association's business activities, its current financial position and factors likely to affect its future development are as set out within the Strategic Report. The Housing Association has a long-term business plan, which shows ongoing positive surpluses and cash flow. When the Housing Association purchases portfolios of properties it enters into an agreement with a connected company to fund any shortfall in future rents and service charges receivable. The value of future rents to be paid has been assessed by the members; and the connected company and are for a rolling 5-year period. The Housing Association has also received a letter of financial support from the company under common control and the members have considered post year end trading and cash reserves of the supporting entity and the Housing Association. The members have also considered whether the Housing Association has been affected by the economic impact and restrictions that have ensued following the Coronavirus pandemic that emerged during the financial year

As a result, the Board have a reasonable expectation that the Housing Association has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.3 Turnover and Revenue Recognition

Turnover comprises rental income receivable in the year and support charges. The policies adopted for the recognition of turnover are as follows: Rental income is recognised from the point when properties have been agreed for occupation.

2.4 Taxation

Current tax

The Housing Association converted to a Community Benefit Society on 20 May 2020 and became exempt from corporation tax from that date.

Value Added Tax

The Housing Association is not registered for Value Added Tax (VAT) as the rental income is exempt for VAT purposes and other taxable income is not at the threshold which requires the Housing Association to be registered for VAT.

2.5 Interest Payable

Interest payable is charged to income and expenditure in the year using the effective interest method.

2.6 Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Rights of social landlords to have improvement works carried out to properties by a third party (such as a local authority) are recognised as prepayments where payment has occurred in advance of the works being carried out and receipts in advance from the same third party recognised as liabilities. Assets and liabilities or income and expenditure are not offset.

2.7 Employee Benefits

When employees have rendered service to the Housing Association, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Housing Association operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable. The assets of the scheme are held separately of the Housing Association in an independently administered fund.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.8 Leases

Non housing leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Housing Association. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible assets and depreciated and assessed for impairment losses in the same way as owned assets.

Housing leases Housing leases are recognised as operating leases. Rentals are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Housing Association recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Housing properties are properties leased for the provision of supported and specialised supported housing. The leases range from short term leases to long term lease with a maximum duration of 25 years. The lease costs are included in the income and expenditure for the period that the costs apply to.

Major works to existing properties are capitalised and amortised over the estimated useful lifetime of that component as an improvement.

2.9 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates of depreciation used are:

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Leasehold property (stamp duty land tax)	Between 5 and 20 years
Residential furniture and white goods	4 years
Office furniture and computer equipment	5 years
Motor vehicles	5 years

Gains or losses arising on the disposal of tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

2.10 Provision for Liabilities

Provisions are recognised when the Housing Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Housing Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The Housing Association recognises a provision for annual leave accrued by employees as a result of services rendered in the current period and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

2.11 Financial Instruments

All financial instruments meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 and are accounted for under the amortised cost model.

The Housing Association does have the appropriate rules to enable it to enter into third party hedging agreements. However, none are in place at this time.

2.12 Designated funds

Funds introduced into the Housing Association represent cash amounts received to fund designated activities and are allocated to the appropriate reserves within the statement of Changes in Reserves. They are recognised as other comprehensive income and expenditure as they do not arise in the normal course of business.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.13 Government grants

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

3. Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Capitalisation of furniture and white goods

Distinguishing the value at which furniture and white goods should be capitalised. The total amount capitalised in the year was £200,243 relating to furniture purchased for existing and new properties.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to the level of wear and tear due to different client groups.

Bad debt provision

The carrying value of debtors is dependent on key judgements and estimates that are made by management. The judgements relating to bad debt provisioning include an estimation of future expected recovery of outstanding debtors. These judgements also include consideration of specific factors and the developments in the market that have been identified throughout the year and subsequent to the year end. Actual outcomes could be different to the assumptions used in determining the estimates

Notes to the Financial Statements (continued)

4. Turnover, cost of sales, operating costs and operating surplus

	YTD 2021 £'s	YTD 2020 £'s
Turnover		
Rent	24,126,191	10,663,749
Supporting Income	16,233	23,428
3rd Party Management Fee Income	562,209	329,744
Onboard Management Charges	417,278	181,000
Other	0	0
TOTAL TURNOVER	25,121,911	11,197,921
Operating Expenditure		
Housing Rental Costs	19,129,548	8,621,200
Salary Costs	921,036	810,217
Other Management Costs	1,472,197	421,181
Service Costs	1,506,650	422,918
Other Operating Costs	367,284	333,241
Repair Costs	1,252,622	238,698
Bad Debts	240,786	191,024
TOTAL OPERATING COSTS	24,890,122	11,038,479
OPERATING SURPLUS	231,789	159,442

5. Accommodation in management

All accommodation is leased, at the end of the year the accommodation in management was as follows:

	2021	2020
	Number	Number
Short-term lease	1362	737
Long-term lease	380	899
	<u>1,742</u>	<u>1,636</u>

Short-term leases have less than 5 years remaining

The Housing Association has increased the number of short-term leases within the 12 months to year ending June 2021 in order to further mitigate the financial impact of the long term leases. The increase in short-term leases has predominantly been led by the Housing Association renegotiating its long

Notes to the Financial Statements (continued)

5. Accommodation in management (continued)

leases with Real Estate Investment Trusts to reduce the lease term and also to improve the break clauses available to the Housing Association. By doing so, the Housing Association has reduced its risk profile and exposure to the financial impact of the long-lease model.

6. Key management personnel

The members of the Board received remuneration for services provided as Directors of £20,906 (2020 : £7,801). The remuneration paid to the Executive Directors of the Housing Association (defined as the Chief Executive and IT Director) was:

	Year Ended 30 June 2021	Year Ended 30 June 2020
	£s	£s
Emoluments	46,091	76,230
Benefits in kind	-	1,544
	840	2,287
Pension contributions		
	<u>46,932</u>	<u>80,061</u>

Emoluments (excluding pension contributions) paid to:

The highest paid Director (the Director of Housing)
including all benefits such as company car and
private health subscriptions

	46,091	77,774
Pension contributions	840	2,287
	<u>46,932</u>	<u>80,061</u>

Notes to the Financial Statements (continued)

7. Employee information

The average weekly number of full-time equivalent persons (including directors) and calculated based on a standard working week of 35 hours were:

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Number	Number
Office Staff	10	8
Support staff, caretakers and concierge	12	10
	1	5
Building maintenance staff		
	<u>23</u>	<u>23</u>

Employee information (continued)

	Year Ended 30 June 2021 £s	Year Ended 30 June 2020 £s
Staff costs (for the above persons):		
Salaries	844,148	644,678
Social security costs	37,523	38,035
Pension costs - contributions	8,739	11,323
	<u>890,410</u>	<u>694,036</u>

The full-time equivalent number of staff, including directors, who received emoluments:

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Number	Number
£50,001 to £60,000	1	-
£60,000 to £70,000	1	1
£80,001 to £90,000	0	1

Notes to the Financial Statements (continued)

8. Operating surplus

	Year Ended 30 June 2021	Year Ended 30 June 2020
	£s	£s
Operating surplus is stated after charging/(crediting):		
Depreciation - other fixed assets	156,511	121,768
Amortisation of SDLT	55,502	38,051
Operating lease rentals - office equipment	1,421	2,288
Operating Lease rental - housing properties	8,535,002	6,049,060
Auditor's remuneration	20,000	19,200
Auditor's remuneration - Non-audit services	2,400	2,400

9. Interest and financing costs

	Year Ended 30 June 2020	Year Ended 30 June 2020
	£s	£s
Interest payable on finance leases	1,421	712
Other interest payable	766	24
	2,187	736

10. Tax on surplus on ordinary activities

	Year Ended 30 June 2021	Year Ended 30 June 2020
	£s	£s
Current tax		
UK corporation tax on surplus for the year	-	34,889
Adjustments in respect of prior years	(34,889)	-
Total current tax	(34,889)	34,889
Total tax on results on ordinary activities	(34,889)	34,889

The company became exempt from corporation tax from May 2020. The charge in the financial statements for the period ended 30 June 2020 represented a provision for potential corporation tax arising prior to that change. Confirmation was received in the year that this provision was not required.

Notes to the Financial Statements (continued)

10. Tax on surplus on ordinary activities (continued)

Analysis of charge in period

The tax assessed for the year is nil.

	Year Ended 30 June 2021 £s	Year Ended 30 June 2020 £s
Total tax reconciliation		
Surplus on ordinary activities before tax	-	30,479
Expected tax at nil (2020:19%)	-	5,791
Effects of:		
Expenditure not allowable for tax purposes	-	81,897
Capital allowances in excess of depreciation	-	(31,128)
Losses carried forwards	-	(21,671)
Adjustment in respect to the prior years	(34,889)	
Total tax charge for the period	(34,889)	34,889

The Housing Association converted to a Community Benefit Society on 20 May 2020 and became exempt from corporation tax from the date.

Notes to the Financial Statements (continued)

11. Tangible fixed assets

The carrying value of fixed assets as included in the financial statements at historical cost less depreciation is as follows:

	Leasehold properties	Residential furniture and white goods	Office furniture and equipment	Motor Vehicles	Total
	£s	£s	£s	£s	£s
Cost at 30 June 2020	848,141	534,394	103,697	50,646	1,536,878
Additions	-	200,243	7,035	-	207,277
Disposals	-	-	-	-	-
Cost at 30 June 2021	848,141	734,637	110,733	50,646	1,744,157
Depreciation at 30 June 2020	54,122	123,623	67,813	39,974	285,532
Charge for year	55,502	141,086	13,179	2,247	212,013
Disposals	-	-	-	-	-
Depreciation at 30 June 2021	109,624	264,709	80,991	42,221	497,546
Net book value as at 30 June 2021	738,517	467,928	29,741	8,425	1,246,611
Net book value as at 30 June 2020	794,019	410,771	35,884	10,672	1,251,346

12. Debtors: due within one year

	2021	2020
	£s	£s
Rent and service charge receivable	3,840,425	1,608,611
Less provision for bad and doubtful debts	(59,993)	(329,849)
Net rental and service charge debtors	3,780,432	1,282,762
Prepayments and accrued income	1,495,058	887,358
Other Debtors	61,079	69,623
Intercompany debtors	-	67,487
	5,336,568	2,235,743

Notes to the Financial Statements (continued)

13. Creditors

Creditors: due within one year

	2021 £s	2020 £s
Trade Creditors	1,306,409	761,836
Rent received in advance	763,664	779,566
Management fee received in advance	55,722	194,000
Other tax and social security	17,699	1,678
Holiday pay accrual	24,404	14,836
Accruals	962,575	115,559
Corporation tax	-	34,889
BI Rent Contribution	425,046	170,690
Intercompany Creditors	187,741	
	3,743,261	2,073,054

Creditors: amounts falling due after more than one year

	£s	£s
Creditors > 1 year	-	-

14. Leasing Commitments

	2021 Motor Vehicles £s	2021 Housing Properties £s	2021 Total £s	2020 Motor Vehicles £s	2020 Housing Properties £s	2020 Total £s
Within one year	-	8,909,120	8,909,120	2,051	4,352,380	4,354,431
Between 1 and 5 years	-	31,302,830	31,302,830	-	23,987,667	23,987,667
Between 6 and 10 years	-	43,438,804	43,438,804	-	28,111,486	28,111,486
Between 11 and 15 years	-	45,792,645	45,792,645	-	29,838,795	29,838,795
Between 16 and 20 years	-	29,758,259	29,758,259	-	12,968,048	12,968,048
Between 21 and 25 years	-	8,586,650	8,586,650	-		
	-	167,788,308	167,788,308	2,051	99,258,376	99,260,427

Notes to the Financial Statements (continued)

14. Leasing Commitments (continued)

The lease amounts payable for housing properties are in respect of supported and specialised supported living properties. The total lease value payable under operating leases is recognised on a straight-line basis over the lease term.

The Housing Association has entered into a number of finance leases in respect of motor vehicles. The relevant assets have been capitalised and are being depreciated with the lease commitment reported as liabilities.

Amount charged through operating leases as an expense to the Statement of Comprehensive Income was £8,535,002 (2020: £6,049,060).

The Housing Association does not have any commitments as a lessor.

Subsequent to the year end, the Housing Association renegotiated some of its long leases to a shorter term giving rise to a reduction in the liability.

15. Cashflow from operating activities

	Year Ended 30 June 2021	Year Ended 30 June 2020
	£s	£s
Surplus/(deficit) for the year/period	176,227	(4,410)
Adjustments for operating items:		
Depreciation of tangible fixed assets	212,013	159,819
Loss on disposal of fixed assets	-	8,131
(Increase) in trade and other debtors	(3,100,827)	(1,689,246)
Increase/(decrease) in trade and other creditors	1,670,207	(1,466,998)
	(1,042,380)	(2,992,704)

16. Net Debt Statement

The cash opening balance as at 1 July 2020 was £636,082, the net cash outflow in the period being £80,222, this resulted in a closing balance of cash at the Statement of Financial Position date of £555,860. There have been no debt movements to note in the year, this is a result of there being no third party loans, hire purchase agreements or other debt applicable that would impact the Housing Association's financial statements.

Notes to the Financial Statements (continued)

17. Legislative provisions

The Housing Association is a company limited by guarantee, not having share capital and consequently the liability of the members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the Housing Association on winding up such amounts as may be required not exceeding £1.

The Housing Association is registered with the Regulator of Social Housing as a provider of social housing, Registration No. 4728 and Community Benefits Registered Number: 8393. The registered address is 49 Clarendon Road, Watford, Hertfordshire WD17 1HP.

18. Contingent Liability

There were no contingent liability at 30 June 2020, 30 June 2021 or at the date that these accounts were signed.

Subsequent to the year end, The Regulator of Social Housing opened an enquiry into certain aspects of the Housing Associations governance and business arrangements. The directors of the Housing Association are working with the Regulator to address its concerns.

19. Capital commitments

There were no capital agreements as at 30 June 2021 or at 30 June 2020.

20. Guarantees

As at the Balance sheet date, there is a guarantee in place with a connected company who has agreed to meet future obligations that cover any void costs that arise and are due to investors. For a total of four years from the Balance Sheet date.

21. Pension costs

The Housing Association operates a defined contribution retirement scheme for qualifying employees. The total expense charged to Statement of Comprehensive Income in the period ended 30 June 2021 was £8,738 (2020: £11,323).

22. Controlling Party

The parent and controlling party is Allerton Housing Ltd a company incorporated and registered in England and Wales its registered address is 16 Great Queen Street, Covent garden, London, United Kingdom, WC2B 5AH.

23. Related parties

Further to the aforementioned void costs contributions to a related party under common control, the balance outstanding to this specific entity under common control at year end was £425,046. Amounts due to other entities under common control amounted to £187,741 owed by the Housing Association at year end.

Notes to the Financial Statements (continued)

24. Designated unrestricted fund movements

The members have designated the following funds of the Association:

Recognition of a SDLT reserve as at 30 June 2021 of £741,044. Representing monies received to assist with the costs of stamp duty land tax payable on the acquisition of certain property portfolios, the members feel this money is better reflected as an unrestricted designated reserve. Additions representing monies received to assist with the costs of SDLT and the releases are credits to the revenue account represent amortisation of the reserve over the average expected life of the leases, being 20 years.

Recognition of a revenue support reserve as at 30 June 2021 of £623,134. This money relates to monies received to assist with future rental payments and as such the members feel it is better reflected as an unrestricted designated reserve. Additions representing monies received on the acquisition of new property portfolios and releases being payments from the reserve.

Recognition of a sinking fund reserve as at 30 June 2021 of £1,140,253. This relates to monies received to assist with future property repairs and refurbishment and as such the members feel it is better reflected as an unrestricted designated reserve. Additions representing monies received on the acquisition of new property portfolios and releases being payments from the reserve.

Recognition of a Void fund reserve as at 30 June 2021 of £530,553. This relates to monies received to assist with future voids, and as such the members feel it is better reflected as an unrestricted designated reserve. Additions representing monies received from GHB and releases being payments from the reserve.